

7/15/03
District I
1625 N. French Drive, Hobbs, NM 88240

7/15/03
RECEIVED

DAC DHC

PDXC 0319733829

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87411

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

JUL 15 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

316

OIL CONSERVATION DIVISION APPLICATION FOR DOWNHOLE COMMINGLING

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

Coleman Oil & Gas, Inc. P.O. Drawer 3337, Farmington, NM 87499

Operator Address
Carrie #1 I, 26, T26N, R12W San Juan County, NM

Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 004838 Property Code API No. 30-045-30296 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Basin Fruitland Coal		WAW Fruitland Sand PC
Pool Code	71629		87190
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	1235' - 1250'		1257' - 1268'
Method of Production (Flowing or Artificial Lift)	Pumping		Pumping
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	NR		NR
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1004 (Est. from offset)		999
Producing, Shut-In or New Zone	New Zone		Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Waiting on Completion Rig Estimate start completion July 2003 Date: Rates:	Date: Rates:	Date: October 2002 Rates: 130 MCFD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas % %	Oil Gas % %	Oil Gas % %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No

Are all produced fluids from all commingled zones compatible with each other? Yes No

Will commingling decrease the value of production? Yes No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Michael T. Hanson TITLE Engineer DATE July 08, 2003

TYPE OR PRINT NAME Michael T. Hanson TELEPHONE NO. (505) 327 - 0356

E-MAIL ADDRESS cogmhanson@sprynet.com

**Carrie #1
Downhole Commingling
Allocation Formula**

Coleman Oil & Gas drilled the Carrie #1 in March 2001. The well was completed in the WAW Fruitland Sand – Pictured Cliffs Pool in June of 2001 and was first delivered into El Paso Field Services gathering system that same month. Production from the well stabilized at approximately 5192 MCF/month and is declining at approximately 29.7 percent/year. (See attached production graph.)

In July 2003, Coleman Oil & Gas is planning on setting a bride plug on top of the Pictured Cliffs zone and recompleting the well in the Basin Fruitland Coal pool.

The two zones are very close to each other (total of 7 feet separation) and the reservoir pressures are expected to be similar; therefore, cross flow will not be a factor. Both zones will produce water, but neither zone will produce any liquid hydrocarbons. Since neither zone is fluid sensitive, the fluids from the two zones should be compatible.

Due to the lack of production data from the Fruitland Coal, Coleman Oil & Gas proposes to allocate the production according to the following method.

Calculate Pictured Cliffs rate at any time from the following:

$Q_{pc} = Q_{pci} * e^{(-Dt)}$ where t is time in months since the commingling began and Q_{pci} is 130 MCFD. The Pictured Cliffs decline (D) was calculated from the attached rate - time plot at 29.7 percent/year (0.0294/month).

The Fruitland Coal production can be calculated from the actual measured production for any month minus Q_{pc} .

Coleman Oil & Gas is the only working interest owner in the Carrie #1. This well is on a Federal lease, so the BLM has also been notified.

LIST OF OWNERS

	Carrie #1	Pegasus #1
	NM NM 104610	NM NM 104610
Royalty Owners		
DOI - MMS	0.12500000	0.12500000
DOI - MMS for BIA	0.00000000	0.00000000
Working Interest Owners		
Coleman Oil & Gas, Inc. etal	0.87500000	0.87500000
Total Revenue Interests	1.00000000	1.00000000

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State of New Mexico
 Energy, Minerals, & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-102
 Revised August 15, 2000
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-045-30296	71629	Basin Fruitland Coal
Property Code	Property Name	Well Number
	Carrie	#1
OGRID No.	Operator Name	Elevation
4838	Coleman Oil & Gas, Inc.	6213'

Surface Location

UL or Lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	North/South line	County
I	26	26N	12W		1850	South	790	East	San Juan

Bottom Hole Location if Different From Surface

UL or Lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	North/South line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320.00 (E/2)	Y		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTILL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Michael T. Hanson</i> Signature Michael T. Hanson Printed Name Engineer Title July 8, 2003 Date</p>
	<p>SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>_____ Date of Survey</p> <p>_____ Certificate Number</p>

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer 00, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994

Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

5 MAY 9 02
OIL CONSERVATION DIVISION

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code 87190	Pool Name WAW FRUITLAND SAND PICTURED CLIFFS
Property Code	Property Name CARRIE		Well Number 1
GRID No. 004838	Operator Name COLEMAN OIL & GAS, INC.		Elevation 6213'

10 Surface Location

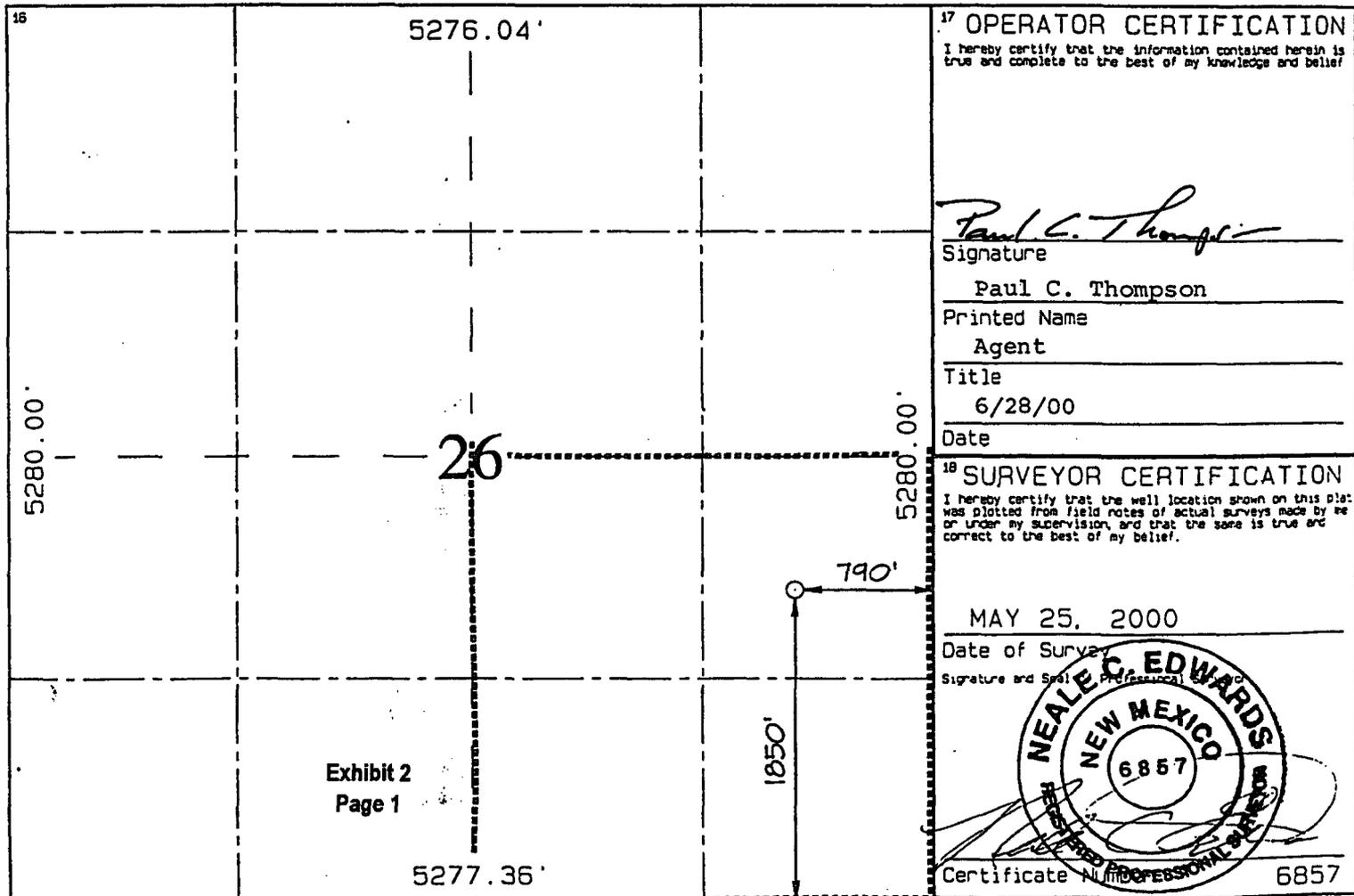
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	26	26N	12W		1850	SOUTH	790	EAST	SAN JUAN

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 160	Joint or Infill Y	Consolidation Code	Order No.
------------------------	----------------------	--------------------	-----------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Paul C. Thompson
Signature
Paul C. Thompson
Printed Name
Agent
Title
6/28/00
Date

18 SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

MAY 25, 2000
Date of Survey
Signature and Seal
NEALE C. EDWARDS
NEW MEXICO
6857
Certificate No. 6857

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State of New Mexico
Energy, Minerals, & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

200 JUN 30 PM 12:05 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code	*Property Name PEGASUS		*Well Number 1
*OGRID No. 004838	*Operator Name COLEMAN OIL & GAS, INC.		*Elevation 5210'

10 Surface Location

U. or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
A	26	26N	12W		790	NORTH	790	EAST	SAN JUAN

11 Bottom Hole Location If Different From Surface

U. or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County

*Dedicated Acres 320	*Joint or Infill Y	*Consolidation Code	*Order No.
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<div style="display: flex; align-items: center; justify-content: center;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">5280.00'</div> <div style="text-align: center;"> <p>5276.04'</p> <p>26</p> <p>5277.36'</p> </div> <div style="writing-mode: vertical-rl;">5280.00'</div> </div>	<p>790'</p> <p>790'</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Paul C. Thompson</i></p> <p>Signature</p> <p>Paul C. Thompson</p> <p>Printed Name</p> <p>Agent</p> <p>Title</p> <p>6/29/00</p> <p>Date</p>
	<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>MAY 26, 2000</p> <p>Date of Survey</p> <p>Signature and Seal</p>	
	<p>Exhibit 2 Page 5</p>	<p>Certificate No. 6857</p>

Rate/Time Graph

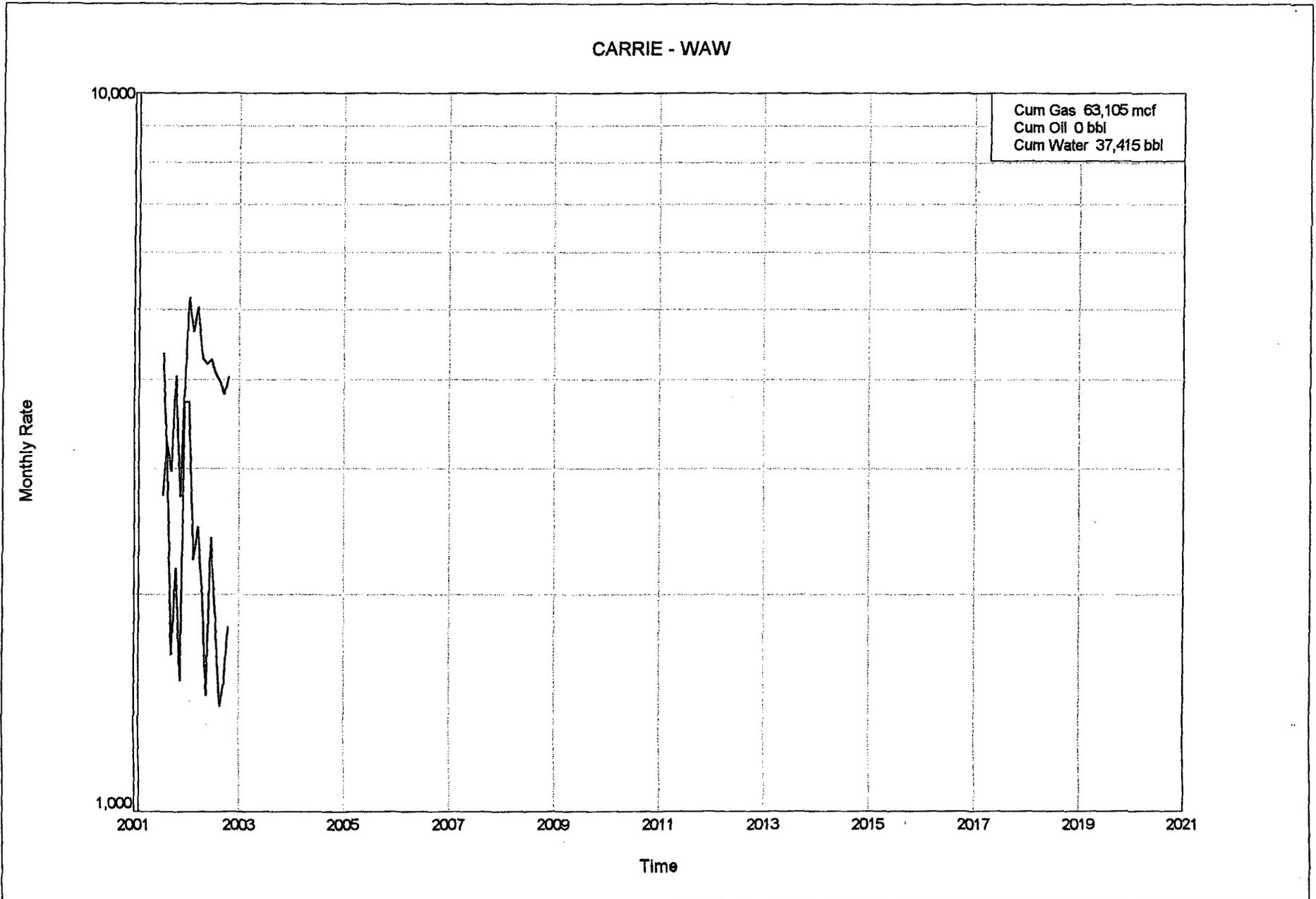
Project: C:\Program Files\IHS Energy\PowerTools v5.0\Projects\farmington.MDB

Date: 2/14/2003

Time: 4:29 PM

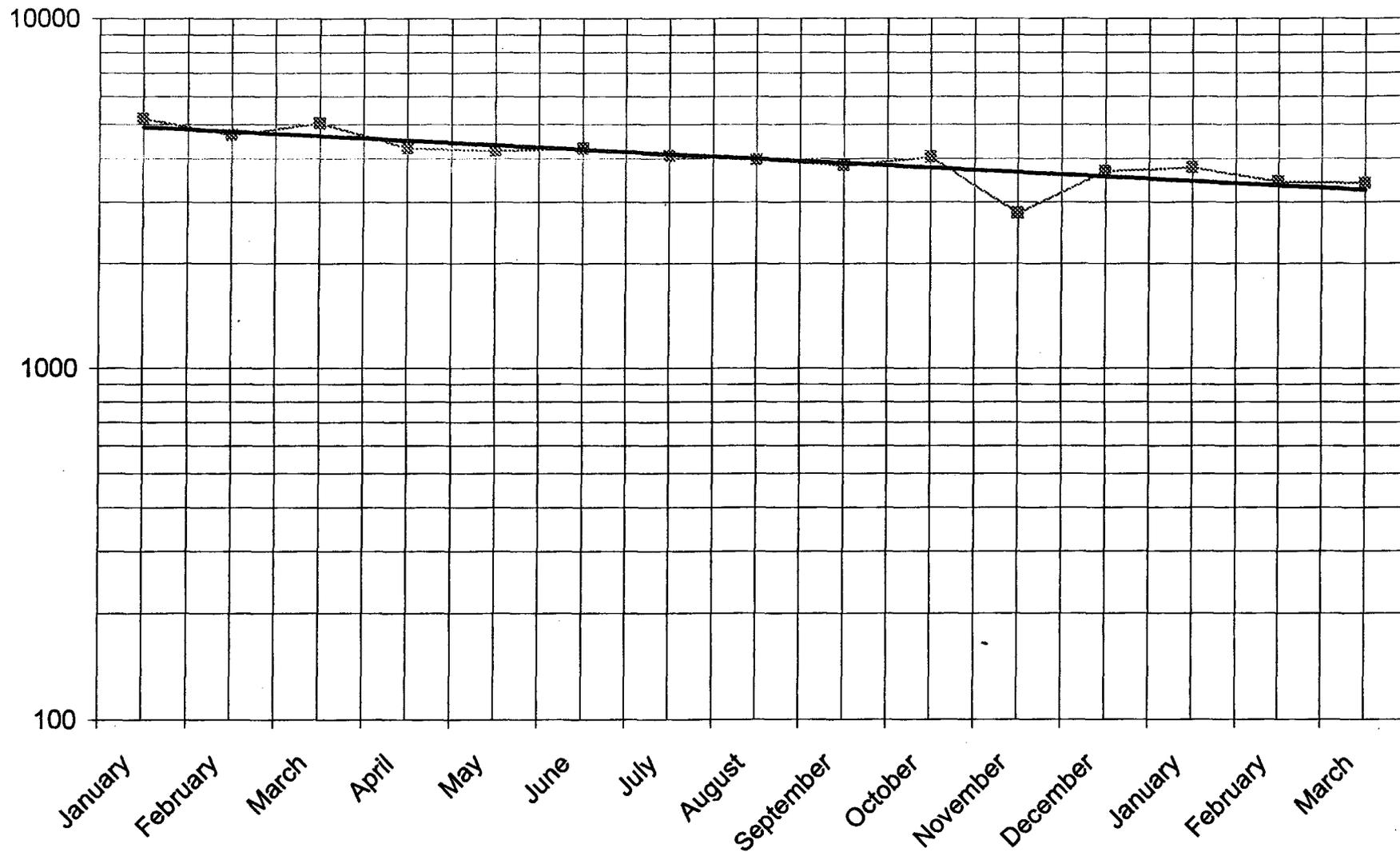
Lease Name: CARRIE (1)
County, ST: SAN JUAN, NM
Location: 26 26N 12W SW NE SE

Operator: COLEMAN OIL & GAS INCORPORATED
Field Name: WAW



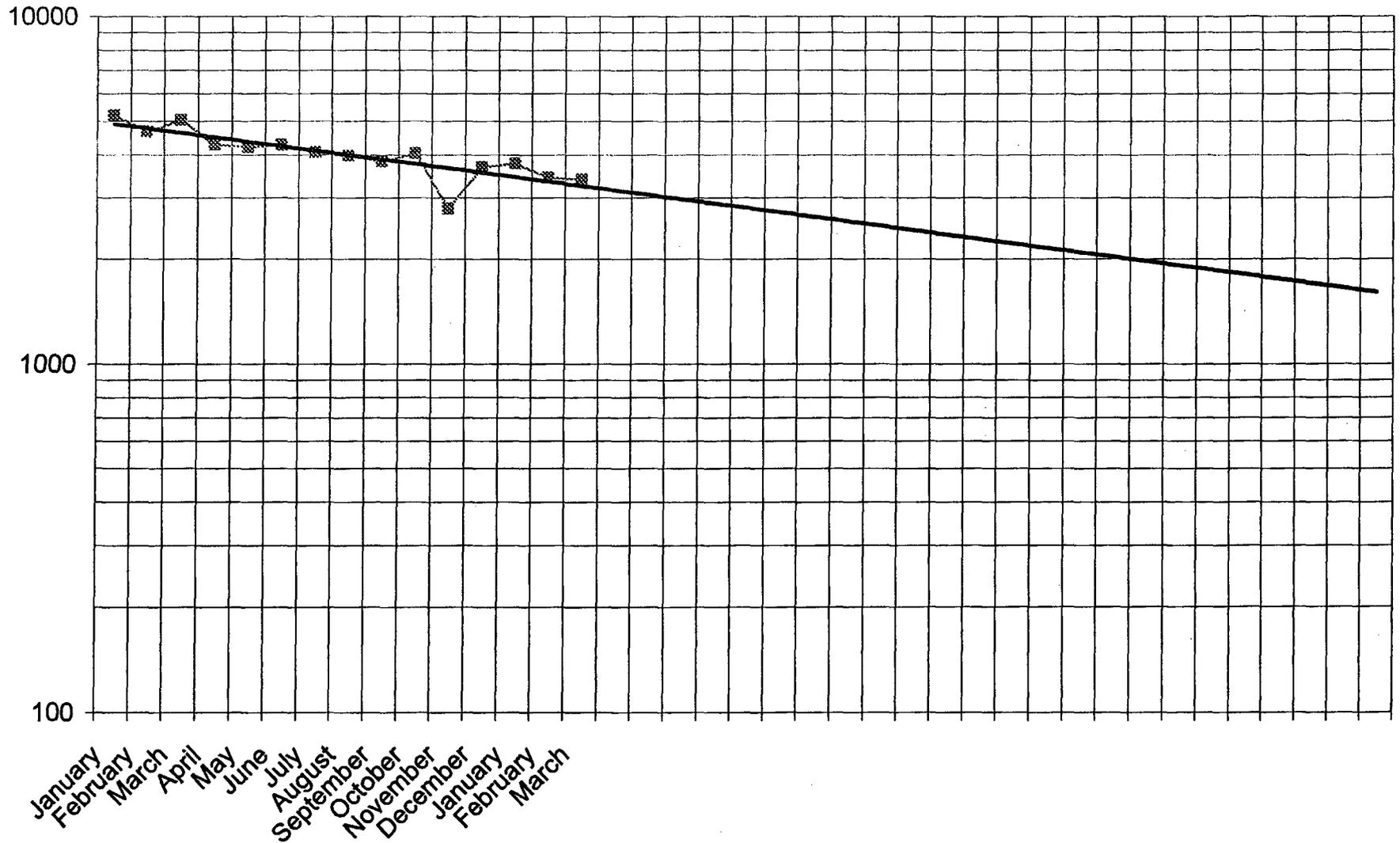
Carrie #1

$$y = 5049.7e^{-0.0294x}$$



Carrie #1

$$y = 5049.7e^{-0.0294x}$$



Well: CARRIE No.: 1
 Operator: COLEMAN OIL & GAS INC API: 3E+09
 Township: 26.0N Range: 12W
 Section: 26 Unit: I
 Land Type F County: San Juan
 Total Acre: 160
 Number of 1

Accumulated:
 Oil: 0 (BBLs) Gas: 80190 (MCF)
 Water: 45670 (BBLs) Days Prod: 615 (Days)

Year: 2001

Pool Name: WAW FRUITLAND SAND PC (GAS)

Month	Oil(BBLs)	Gas(MCF)	Water(BBL)	Days Prod	Accum. Oil	Accum. Gas(MCF)
January	0	0	0	0	0	0
February	0	0	0	0	0	0
March	0	0	0	0	0	0
April	0	0	0	0	0	0
May	0	0	0	0	0	0
June	0	0	0	0	0	0
July	0	2753	4340	31	0	2753
August	0	3258	3160	31	0	6011
September	0	2977	1650	24	0	8988
October	0	4037	2175	31	0	13025
November	0	2741	1520	22	0	15766
December	0	3851	3720	31	0	19617
Total	0	19617	16565	170		

Year: 2002

Pool Name: WAW FRUITLAND SAND PC (GAS)

Month	Oil(BBLs)	Gas(MCF)	Water(BBL)	Days Prod	Accum. Oil	Accum. Gas(MCF)
January	0	5192	3720	31	0	24809
February	0	4657	2240	28	0	29466
March	0	5028	2480	31	0	34494
April	0	4272	2000	25	0	38766
May	0	4201	1450	29	0	42967
June	0	4264	2400	30	0	47231
July	0	4069	1860	31	0	51300
August	0	3961	1400	28	0	55261
September	0	3814	1500	30	0	59075
October	0	4030	1800	31	0	63105
November	0	2797	2292	30	0	65902
December	0	3683	2404	31	0	69585
Total	0	49968	25546	355		



2030 AFTON PLACE
 FARMINGTON, N.M. 87401
 (505) 325-6622

ANALYSIS NO. CM220033
 CUST. NO. 18200 - 10080

WELL/LEASE INFORMATION

CUSTOMER NAME	COLEMAN OIL AND GAS INC.	SOURCE	N/A
WELL NAME	CARRIE 1	PRESSURE	42 PSIG
COUNTY/ STATE	SAN JUAN NM	SAMPLE TEMP	DEG.F
LOCATION		WELL FLOWING	Y
FIELD		DATE SAMPLED	9/29/02
FORMATION	PICTURED CLIFFS	SAMPLED BY	SUSAN SULLIVAN
CUST.STN.NO.	3345	FOREMAN/ENGR.	

REMARKS

ANALYSIS

COMPONENT	MOLE %	GPM**	B.T.U.*	SP.GR *
NITROGEN	0.090	0.0000	0.00	0.0009
CO2	3.047	0.0000	0.00	0.0463
METHANE	94.197	0.0000	953.56	0.5218
ETHANE	2.655	0.7102	47.09	0.0276
PROPANE	0.006	0.0017	0.15	0.0001
I-BUTANE	0.000	0.0000	0.00	0.0000
N-BUTANE	0.000	0.0000	0.00	0.0000
I-PENTANE	0.005	0.0018	0.20	0.0001
N-PENTANE	0.000	0.0000	0.00	0.0000
HEXANE PLUS	0.000	0.0000	0.00	0.0000
TOTAL	100.000	0.7137	1,001.00	0.5967

* @ 14.730 PSIA DRY & UNCORRECTED FOR COMPRESSIBILITY

** @ 14.730 PSIA & 60 DEG. F.

COMPRESSIBILITY FACTOR	(1/Z)	1.0022
BTU/CU.FT (DRY) CORRECTED FOR	(1/Z)	1,003.2
BTU/CU.FT (WET) CORRECTED FOR	(1/Z)	985.7
REAL SPECIFIC GRAVITY		0.5981

ANALYSIS RUN AT 14.730 PSIA & 60 DEGREES F

DRY BTU @ 14.650	997.8
DRY BTU @ 14.696	1,000.9
DRY BTU @ 14.730	1,003.2
DRY BTU @ 15.025	1,023.3

CYLINDER #	110
CYLINDER PRESSURE	38 PSIG
DATE RUN	10/3/02
ANALYSIS RUN BY	JANICE BROWN



2030 AFTON PLACE
 FARMINGTON, N.M. 87401
 (505) 325-6622

ANALYSIS NO. CM220045
 CUST. NO. 18200 - 10060

WELL/LEASE INFORMATION

OFF SET COAL WELL to Carrie #1

CUSTOMER NAME	COLEMAN OIL AND GAS INC.	SOURCE	N/A
WELL NAME	PEGASUS #1	PRESSURE	38 PSIG
COUNTY/ STATE	SAN JUAN NM	SAMPLE TEMP	DEG.F
LOCATION		WELL FLOWING	Y
FIELD		DATE SAMPLED	9/29/02
FORMATION	BASIN FRUITLAND COAL	SAMPLED BY	SUSAN SULLIVAN
CUST.STN.NO.	595	FOREMAN/ENGR.	

REMARKS

ANALYSIS

COMPONENT	MOLE %	GPM**	B.T.U.*	SP.GR *
NITROGEN	0.130	0.0000	0.00	0.0013
CO2	2.161	0.0000	0.00	0.0328
METHANE	95.779	0.0000	969.57	0.5305
ETHANE	1.920	0.5136	34.06	0.0199
PROPANE	0.004	0.0011	0.10	0.0001
I-BUTANE	0.000	0.0000	0.00	0.0000
N-BUTANE	0.000	0.0000	0.00	0.0000
I-PENTANE	0.006	0.0022	0.24	0.0001
N-PENTANE	0.000	0.0000	0.00	0.0000
HEXANE PLUS	0.000	0.0000	0.00	0.0000
TOTAL	100.000	0.5169	1,003.97	0.5848

* @ 14.730 PSIA DRY & UNCORRECTED FOR COMPRESSIBILITY

** @ 14.730 PSIA & 60 DEG. F.

COMPRESSIBILITY FACTOR (1/2) 1.0021
 BTU/CU.FT (DRY) CORRECTED FOR (1/2) 1,006.1
 BTU/CU.FT (WET) CORRECTED FOR (1/2) 988.6
 REAL SPECIFIC GRAVITY 0.5859

ANALYSIS RUN AT 14.730 PSIA & 60 DEGREES F

DRY BTU @ 14.650 1,000.6
 DRY BTU @ 14.696 1,003.8
 DRY BTU @ 14.730 1,006.1
 DRY BTU @ 15.025 1,026.2

CYLINDER # 207
 CYLINDER PRESSURE 33 PSIG
 DATE RUN 10/3/02
 ANALYSIS RUN BY JANICE BROWN

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
SUNDRY NOTICES AND REPORTS ON WELLS

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM 104610
2. Name of Operator COLEMAN OIL & GAS, INC.		6. If Indian, Allottee or Tribe Name
3a. Address P O Drawer 3337, Farmington, NM 87499-3337	3b. Phone No. (include area code) (505) 327-0356	7. If Unit or CA/Agreement, Name and/or No. N/A
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1850' FSL and 790' FEL, Section 26, T26N, R12W		8. Well Name and No. Carrie #1
		9. API Well No. 30-045-30296
		10. Field and Pool, or Exploratory Area WAW Fruitland Sand- PC
		11. County or Parish, State San Juan County, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing <input type="checkbox"/> Fracture Treat <input type="checkbox"/> Reclamation <input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input type="checkbox"/> Recomplete <input checked="" type="checkbox"/> Other SEE BELOW
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompletes horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Coleman Oil & Gas, Inc. has applied to the NMOCD for approval to downhole commingle the production from the WAW Fruitland Sand/Pictured Cliffs pool with the Basin Fruitland Coal pool. Attached is a copy of this application. The working and net revenue interests are common between the two pools.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) (MICHAEL T. HANSON)	Title ENGINEER
Signature <i>Michael T. Hanson</i>	Date July 9, 2003

THIS SPACE FOR FEDERAL OR STATE USE

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		Office

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.